

# AMRPA Advanced IRF Boot Camp

## Regulatory and Legislative Updates for Inpatient Rehabilitation Providers

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## Today's Agenda

### I. Recent Regulatory & Legislative Updates for IRF Providers

- Assessing FY 2026 IRF Proposed Rule & Previewing AMRPA's Response
- Medicare "Deregulation" Initiative & AMRPA's Priorities
- The One Big Beautiful Bill & Outlook for IRF Providers
- The Latest & Greatest with the IRF Review Choice Demonstration
- AMRPA's Continued Medicare Advantage Advocacy
- Center for Medicare and Medicaid Innovation Strategic Outlook & What It Means for Post-Acute Care
- IRF Oversight Outlook in 2025

### II. Audience Questions

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## FY 2026 IRF PPS Proposed Rule – Payment Updates

- **Key Takeaway:** No major payment or coverage curveballs in the rule; majority of new policy comes in the form of QRP & IRF-PAI changes.
- **Proposed Payment Update:** 2.8% increase / \$295 million increase in projected aggregate IRF payments for FY 2026.
- **Impact Across IRFs:**
  - IRFs Should Anticipate 2.8% Increase in Urban areas and 2.7% in Rural Areas
    - IRF Units Should Anticipate 2.8% Increase in Urban Areas and 2.9% in Rural Areas
    - Freestanding IRFs Should Anticipate 2.8% in Urban Areas and 2.2% in Rural Areas
- **AMRPA Response:** Support stability of payment adjustment process, but underscore need for more robust reimbursement to address financial pressures and protect access to care.

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## FY 2026 IRF PPS Proposed Rule – Quality Updates

- **As Anticipated, New HHS Leadership Shows Early Interest in Pulling COVID-Focused Measures & Streamlining Reporting Documents – Particularly Those Focused on Social Determinants of Health**
- **Proposed Removal of COVID-19 Vaccination Measures in FY 2026 Proposed Rule**
  - COVID-19 Vaccination Coverage among Healthcare Personnel (HCP) measure
  - COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date measure
    - CMS Rationale: Costs Associated with Measure > Benefits of Continued Use
- **Proposed “Standardized Patient Assessment Data Element” Removals**
  - One item for Living Situation (R0310),
  - One item for Utilities (R0330), and
  - Two items for Food (R0320A and R0320B)
    - CMS Rationale: Data Collection Burden

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## FY 2026 IRF PPS Proposed Rule – QRP Reconsideration Changes

- AMRPA Has Long Urged Changes to the Overly-Punitive and Opaque QRP Penalty & Reconsideration Process
  - Finding of Noncompliance = 2% FFS Payment Withhold for Next Payment Year
- FY 2026 Rule Explores Ways to Make QRP Reconsiderations More Transparent & Consistent
  - Current Threshold for Reconsideration & Reconsideration Extension Proposes to Change from **"Extenuating Circumstances" to "Extraordinary Circumstances"**
    - "Extraordinary Circumstances" is a Standard Established in Regulation, Whereas "Extenuating Circumstances" Standard Is Applied on an Ad-Hoc (and Inconsistent) Basis
  - CMS Clarifies that the "Extraordinary Circumstances" Standard Would Capture Natural and Manmade Disasters. Regulatory policy also includes consideration for a systemic problem with CMS/CDC data collection systems.
  - **AMRPA Perspective:** AMRPA Cautiously Supports a Clearer and More Consistent Standard, but Urges CMS to Ensure "Extraordinary Circumstances" Standard Provides for Favorable Reconsideration & Reconsideration Extension Requests in an Appropriate Range of Circumstances (e.g., serious staffing issue); Also Urges Broader Reforms to QRP Reconsideration

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## FY 2026 IRF PPS Proposed Rule – QRP Reconsideration Changes

- **Reconsideration Extensions:** CMS Also Proposes Straightforward – but Clarified – Process for Applying for a QRP Request for Reconsideration Extension
- **Proposed Process:**
  - The IRF Must Submit an Extension Request via Email to CMS No Later than 30 Calendar Days After Receiving Non-Compliance
  - Request Must Include Specified Elements, Including IRF Name, Reason for the Extension Request, and Evidence of "Extraordinary Circumstances" Justifying the Extension, Among Others
  - CMS Would Notify IRF of the Extension Decision Via Email
    - CMS Proposes Email Notification Because it Would "Allow for More Expedient Correspondence," Given 30-Day Reconsideration Deadline
- **AMRPA Perspective:** Streamlined Process is an Improvement, but Continued Concern about Stringent Application of "Extraordinary Circumstances" Threshold in the Context of a Reconsideration Extension Request

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## FY 2026 IRF PPS Proposed Rule – Quality Updates

### • Future-Looking Quality Updates – A Deluge of RFIs

- **IRF-PAI Streamlining & Burden Reduction:**
  - Broad solicitation spanning pediatric assessments, skip patterns, unplanned discharge clarity, and other issues
- **Future Measure Concepts:**
  - **Interoperability:** Focuses on measuring IT systems' readiness and capabilities in the IRF setting
  - **Well-Being:** Assessing patients' "overall health, happiness, and satisfaction in life that could include aspects of emotional well-being, social connections, purposes, fulfillment, and self-care work."
  - **Nutrition:** Measuring healthy eating habits, exercise, nutrition, or physical activity
  - **Delirium:** Focuses on "measures that evaluate for the sudden, serious change in a person's mental state or altered state of consciousness that may be associated with underlying symptoms or conditions."
- **IRF QRP Data Submission Deadline:**
  - CMS indicates interest in changing QRP Submission Deadline from 4.5 months (135 days) to 45 Days
- **Digital Quality Measurement:**
  - CMS Seeks Feedbacks on Pros/Cons of Advancing "FHIR"-Based Reporting of Patient Assessment Data

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## Administration Continues Strong Focus on Deregulation

- Over the first quarter of 2025, the Trump Administration released a flurry of deregulation-focused Executive Orders and RFIs.
- In April 2025, HHS issued a Medicare-specific Deregulation & Burden Reduction RFI in conjunction with all Fiscal Year 2026 payment rules.
- Per the RFI, the Administration aims to "reduc[e] the costly private healthcare expenditures required to comply with federal regulations."
- Key areas of focus include:
  - Streamlining regulatory requirements;
  - Identifying opportunities to reduce the administrative burden of reporting and documentation; and
  - Identifying duplicative requirements.



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## AMRPA Burden Reduction Priorities in a Complex Policy Climate

- Medicare Deregulation RFI offers early opportunity to engage with new HHS leadership on AMRPA burden reduction asks.
- Given scrutiny on overall Medicare spending and CMS staff turnover, AMRPA plans more targeted response compared to past “Red Tape Reduction” and “Patients over Paperwork” submissions.
- AMRPA Top Priorities:
  - Removing Topped Out/Low Value Quality Measures
  - Reiterated Call for IRF-PAI Element Removals (Complementary to IRF PPS Comments)
  - IRF-PAI Submission Reforms
  - IRF Review Choice Demonstration Termination;
  - Voluntary Participation in TEAM and All other Alternative Payment Models with PAC impact

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## The IRF Review Choice Demonstration: The Latest & Greatest

- Program In Effect in Pennsylvania & Alabama; Will Mark 2-Years in August
- Administration & Career CMS Officials Seem to Hold Different Perspectives on Utility of the Program – Burden Reduction Focus May Work to the Field’s Advantage
- Timeline/Prospects for Expansion to Texas and California Likely Clearer by End of Summer
- Current Field Reports Suggest High Compliance Rates, but Limited Program Data Has Been Posted To-Date

### CMS Most Recent Quarterly Data

Pre-Claim Reviews	
Initial Requests Reviewed	5,557
Resubmitted Requests Reviewed	711
Requests Provisionally Affirmed	5,079
Requests Non-Affirmed	1,188
Provisional Affirmation Rate	91%

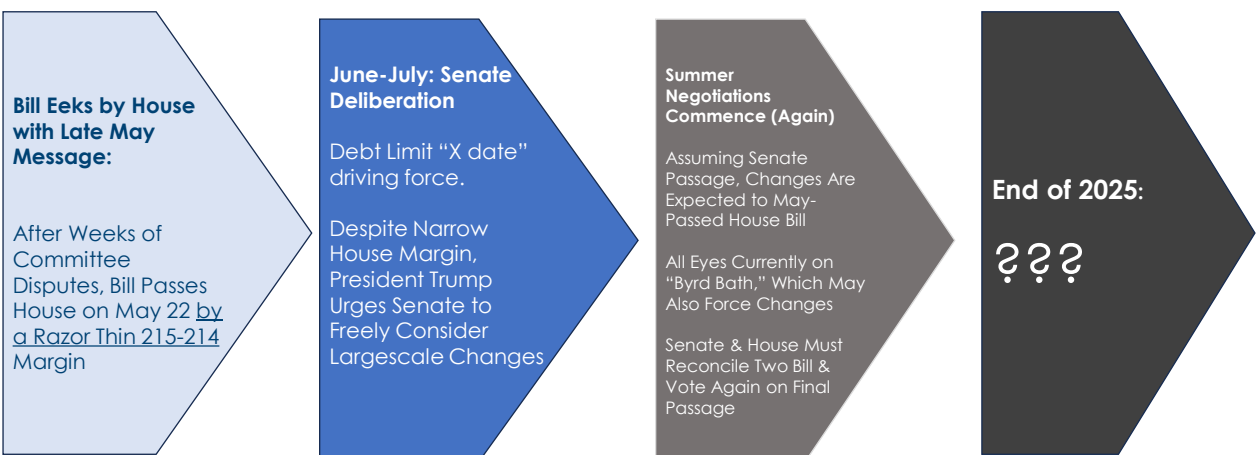
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## The IRF Review Choice Demonstration: The Latest & Greatest

- Of note, the RCD has addressed at least one major regulatory standards that was previously clarified by subregulatory guidance
  - To Refresh – CMS Retired Most Program Guidance for IRFs in 2023 Following *Azar v. Allina* Supreme Court Case
- Through Ongoing Engagement with AMRPA, CMS Clarified that Team Conferences May Be Held on Day 8 of a Patient's Stay in Certain Circumstances
- CMS' Decision Has Important Implications Both Within and Outside the RCD:
  - Ensuring Uniform Standards Are Applied by CMS Contractors Across the Nation
  - Potential Signal of Other Prior Subregulatory Standards Being "Reclarified"
  - Pending CMS Action May Signal How Agency Will Issue Program Updates Moving Forward

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## Reconciliation Timeline – An Exercise in Questions & Fluidity

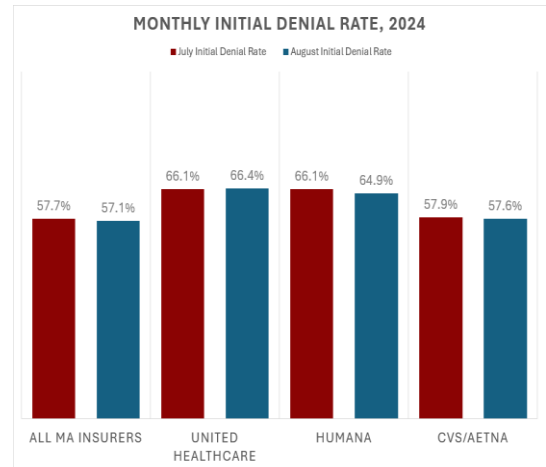


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## AMRPA's Continued Medicare Advantage Advocacy

- AMRPA Launched 2024 Prior Auth Survey To Call Attention to IRF-Specific Access Issues
  - ~370 facilities in 48 states (and PR)-19,000 IRF beds - reported on 27,000 prior auth requests for July & August 2024.
- MA plans denied initial requests at 57% rate; **even higher for major insurers.**
- At least 70,000 days spent waiting for a determination; **as many as 1.2 million days across all IRFs nationwide for 2024.**
- Prior Authorization Remains One of the Few Issues with Bipartisan Support; Major Prior Authorization Bill Recently Reintroduced & Supported by AMRPA
- Survey Broadly Shared with Staff in May 2025; AMRPA Urges Member Support



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## Center for Medicare and Medicaid Innovation (CMMI) Update: New "Strategic Direction" Announced in May 2025

### "THREE PILLAR" FRAMEWORK FOR NEW CMMI STRATEGIC DIRECTION

- **Promote Evidence-Based Prevention**  
Reflective of HHS "MAHA" Goals
- **Empower People to Achieve Health Goals**  
Promoting Shared-Decision Making and Performance Incentives
- **Drive Choice and Competition**  
Using Market Forces to Drive Health Care Delivery & Utilization

### STRATEGIC DIRECTION COMPONENTS FOR AMRPA TO WATCH IN CURRENT & PENDING MODELS

- **Medicare Advantage Focus:** Plans to "Test Medicare Advantage Payment Designs" to Improve Outcomes
- **Potential Interchangeability Perceptions:** Promotion of "Site Neutral Payments" Across Settings
- **Renewed Transparency Push:** Models Will "Publish New Data" About Providers and Services to "Support Patient Decision-Making"

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## Other CMMI Work to Watch in 2025

### • TEAM Moves Forward:

- While not addressed in CMMI's Strategic Direction rollout, CMS confirmed through separate rulemaking (FY 2026 IPPS) that the Transforming Episode Accountability Model (TEAM) will move forward under the Trump Administration
  - Perhaps more surprisingly, start date remains the same (January 2026)
- Proposed FY 2026 IPPS Rule also addressed outstanding pricing methodology & quality measure issues.

### • AMRPA Advocacy Plan:

- AMRPA plans to call for voluntary participation in our Deregulation RFI response to limit impact on IRF access.
- AMRPA members should contact staff with any technical questions or other advocacy recommendations leading up to the implementation date.

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## IRF Oversight Outlook in 2025

- Congress & HHS to Continually Look for Cost-Savings for Legislation & Medicare Trust Fund Protection, Respectively – Will Force Significant Attention on Pending Oversight Reports:
- **The Bad**
  - MedPAC Continues to Question IRF Admission Practices & Payments; Now Calls for **7% Market Basket Reduction**
- **The Good:**
  - Review Choice Demonstration Reports Continue to Show Excellent Results
  - Office of Inspector General (OIG) Set to Examine Post-Acute Access Issues in Medicare Advantage; Continues New (and Welcome) Scrutiny on MA
- **The Unknown:**
  - Major OIG Report on IRF Compliance in Traditional Medicare Anticipated in 2026
    - AMRPA, Other Stakeholders Recently Concluded Significant Engagement with CMS, OIG
  - Comprehensive Error Rate Testing (CERT) Report for All Medicare Providers Expected this Fall
- **Takeway:** Results Likely to Have Significant Implications Depending on Reconciliation Timeframe & Emerging Priorities Before Nov. 2026 Elections



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**Questions?  
or  
Comments!**

